

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION )  
SERVICE CHANGES, 2012 )  
)

Docket No. N2012-1

**UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
ASSOCIATION OF LETTER CARRIERS, AFL-CIO, WITNESS CREW, NALC-T-1  
USPS/NALC-T1—15-19**

Pursuant to Rules 25 through 27 of the Postal Regulatory Commission's Rules of Practice and Procedure, the Postal Service respectfully submits the following interrogatories and requests for production to NALC witness Crew: USPS/NALC-T1-15-19. Please refer to and apply the Instructions and Definitions attached to the initial set of interrogatories the Postal Service directed to witness Crew.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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INTERROGATORY OF THE UNITED STATES POSTAL SERVICE  
TO NALC WITNESS CREW

**INTERROGATORIES**

**USPS/NALC-T1-15.** On pages 5-6 you discuss witness Whiteman's testimony regarding the timing of when the volume loss estimated in the market research will occur.

- a. Please confirm witness Whiteman testifies that the survey research was intended to measure change caused by network rationalization in the first post-implementation year, but that he expects some volume changes will lag beyond that year.
- b. Do you agree with witness Whiteman? Please explain your response.
- c. Do you have any understanding of how mail volume processed by the United States Postal Service is trending over the last few years? If so, please state your understanding.
- c. Is the current long term volume trend likely to continue into the next few years? Please explain your response.
- d. Thanks to what causes do you think (as you state on page 6) that "The estimated mail volume drop in 2012 would likely be just the beginning"?
  - i. Upon what evidence do you base your opinion?
  - ii. Is it your understanding that the Postal Service expects volume to increase after implementation of network rationalization? If so, please point to where you understand the Postal Service has made known this expectation.
- e. Do you understand that the Postal Service expects volume loss caused by network rationalization will bounce back in the second year after implementation? Please explain your reasoning and provide the bases for your opinion.
- f. Please confirm that you expect network rationalization will cause additional volume losses beyond what the Postal Service projects and beyond what has already been addressed in this interrogatory. Please i) explain your position; ii) provide citations to all authoritative sources upon which you rely (beyond your own opinion) to support your position; iii) explain how such additional volume losses can be traced causally to network rationalization alone; and iv) how large those network rationalization caused changes will be.

INTERROGATORY OF THE UNITED STATES POSTAL SERVICE  
TO NALC WITNESS CREW

**USPS/NALC-T1-16.** Please confirm that on page 10 you state, “The respondent was not asked to consider any causes for a possible change in mail volume other than the proposed [First-Class Mail] service standards.”

- a. Please confirm that the quantitative survey research design was intended to focus on volume changes induced only by the changes in service standards and the network rationalization that enables.
- b. Please confirm your understanding that failure to do as you describe, quoted in the main body of this question, led to the “phase 2” research sponsored by witnesses Elmore-Yalch (USPS-T-11) and Whiteman (USPS-T-12).
- c. Please explain your understanding of the purpose for which the Postal Service filed its Request in this docket.

**USPS/NALC-T1-17.** In the second major section of your testimony beginning on page 3 you criticize use by the market research team of what you characterize as ‘probability of change’ and ‘solely attributable’ factors.

- a. For how many respondents did the ‘probability of change’ factor actually impact reported mail volume responses?
- b. For how many respondents did the “solely attributable’ factor actually impact reported mail volume responses?
- c. For how many respondents did both the ‘probability of change’ and ‘solely attributable’ factors actually impact reported mail volume responses?
- d. What was the impact of these two factors upon the final volume change estimates?
- e. Please cite to any authoritative sources that confirm your opinion about appropriate use of the ‘probability of change’ and ‘solely attributable’ factors.

**USPS/NALC-T1-18.** On pages 11-12 you criticize the information available regarding confidence intervals.

- a. Please confirm that confidence intervals are provided for all customer segments.

INTERROGATORY OF THE UNITED STATES POSTAL SERVICE  
TO NALC WITNESS CREW

- b. In your Technical Appendix you cite to:  
<http://health.utah.gov/opha/IBIShelp/ConfInts.pdf>. Who is the author of this document, what is this individual's background, and for what purpose was this document written?
- c. On page 2 of this document from a Utah website, the author states that transforming the standard error to a 95 percent confidence is simple as, fortunately, the sampling distribution of the mean is normal. Please explain what distribution other than normal witness Elmore-Yalch should have used, providing one or more citations to authoritative sources that support your opinion.
- d. Please explain how you would calculate a confidence interval for the final change estimates in light of the market research design utilized.
- e. Please confirm that most survey research respondents reported no change in their projected post-implementation mail volumes. If you are unable to confirm, please explain why.
- f. Please confirm that when most respondents report a zero change, the likelihood that zero will be within ranges defined by particular confidence intervals (howsoever calculated) goes up. How, in your opinion and given the research design utilized, could this problem have been avoided? Please provide citations to appropriate authoritative sources for your recommendation(s).

**USPS/NALC-T1-19.** You recommend use of an econometric study to project demand (NALC-T-1 at 13-14) as you have in previous circumstances; and, of course, you are known professionally as one of multiple authors in work that utilized an econometric approach.

- a. Is an econometric study always the right or best way to study a question about future customer behavior? Please explain your response.
- b. Are there particular circumstances in which an econometric study would face epistemological (or other) challenge? What factors add special difficulty to use of econometric techniques?
- c. If data available to study a particular question embody a natural experiment, or if a true experiment can be undertaken with both test and control

INTERROGATORY OF THE UNITED STATES POSTAL SERVICE  
TO NALC WITNESS CREW

groups, does use of an econometric approach become more or less useful, or more or less practical?

d. What other modeling or testing approaches are considered in your professional work? Please compare their respective strengths and weaknesses with those of econometrics so as to illustrate better or weaker approaches to particular types of problems and when respective approaches are more or less likely to be productive.

e. You cite an article in the footnote on page 14 that you suggest is a recent example of combining survey results with econometric studies of demand. It appears that the analysis in this article concerns long-run trends and forecasting using historical data. How is that type of analysis applicable to the context of this docket?

i. In this article the survey data consists of an ongoing panel study not a cross-sectional study. Is this type of panel data, or a reasonable analog, available for use of postal services in the United States?

ii. What are the advantages of using panel data compared with cross-sectional data?

iii. This article suggests that over time customers have adjusted to changes in price or levels of service by shifting between Royal Mail services rather than simply abandoning the service entirely. Why then do you suggest that customers in the United States would behave differently?